

Reynolds, Dave

From: Dean Ibsen
 Sent: Tuesday, February 18, 2003 10:42 AM
 To: Reynolds, Dave
 Cc: Patricia Lantz; Patrick Deluhery; Patti Schroeder; Tom Johnson; Tim Ryburn; Dick Oshlo; Elisabeth Buck
 Subject: RE: Parking Structure Information Request

Dave:

You requested a response to two questions regarding the new parking structure. The questions, and our responses, follow:

1) Does the Department of General Services plan on pursuing establishment of a fee for employees and/or visitors who use the parking structure in order to cover the operation and maintenance expense?

At this time, General Services has no plans to charge for parking in the new parking structure.

2) At what rate would a fee need to be set in order to cover the cost of the annual operating and maintenance expenses of the parking structure?

If General Services is directed to charge for parking, we are not prepared to establish a definitive rate without further discussion and guidance. Developing a pricing strategy requires careful consideration of a number of factors and assumptions. We will outline below some of those factors and assumptions.

During the planning process for the structure, we received projected operating and maintenance cost information from Walker Consultants, one of the consulting firms involved in initial design work. They provided projected annual cost estimates for 18 expenditure categories, including such things as:

- utilities,
- cleaning supplies,
- routine maintenance,
- sweeping contract,
- major maintenance sinking fund,
- parking equipment maintenance,
- elevator equipment maintenance, and
- snow removal.

Their estimates did not include line items for other overhead costs such as security, enforcement, billing, accounting and technical support. Keeping this caveat in mind, Walker Consultants' estimates for operation of a 900-car parking structure ranged from \$191,000 to \$361,000 annually (inflated to current dollars). The differences in these costs are based on 6 different operating scenarios. For example:

- The **least expensive** operating scenario, based on Walker's estimates, is "No Controls," meaning no gates or other access control devices.
- "Multi-space Meters for Visitors; Key Cards for Employees (self-operated)" falls in the **middle range**.
- The **most expensive** operating scenario is "Cashiers for Visitors; Key Cards for Employees (self-operated)."
- **Other issues:** Third party operation versus State operation costs about the same between the various scenarios according to Walker's projections.

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We believe that simply dividing these estimated costs by 900 cars is not an accurate or appropriate method for determining a parking rate. A number of other variables should be taken into consideration before a rate can be established, including:

- Which of the costs outlined above are to be recovered by the parking rate?
- What is the assumed daily occupancy rate for visitors?
- What is the assumed daily occupancy rate for employees?
- Will employees and visitors, in fact, pay to park in the structure if free parking is available on the rest of the Capitol Complex, and at what occupancy rate?
- If employees are required to pay for parking, will this have an impact on union contract negotiations?
- How does the rate compare to parking rates charged in other areas of Des Moines, or does it matter?

There is not a simple answer to the questions raised. We have tried to outline some of the factors that should be taken into consideration.

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